

TO: Participating GRH Lenders  
FROM: Iowa's USDA, Rural Housing Service Single Family  
Guaranteed Rural Housing (SF-GRH), April 2004

**\*\* PLEASE DISTRIBUTE TO ALL WHO UTILIZE THE GRH PROGRAM \*\***

## **NEW NEWS**

USDA, Rural Development and ISU Extension have organized a **First-Time Homebuyer Workshop Series** via the Iowa Communications Network (ICN). It is funded in part by a grant from IHOEP. Classes are Thursdays at 6 p.m., April 8, 15, and 22, 2004. Attendees may register at the door. Cost is \$20 per household. Sites are available across Iowa:

### **Ames – also originating site**

Iowa State University, Lagomarcino Hall, Room N147, Corner of Knoll Road & Pamel Drive

### **Bellevue**

Bellevue High School, 1601 State Street

### **Carroll**

Kuemper High School, 109 S Clark, Room 175

### **Charles City**

Charles City High School, 1 Comet Drive, Room 111

### **Edgewood**

Edgewood-Colesburg High School, 403 W. Union, Room 109

### **Fairfield**

Fairfield High School, 605 E Broadway, Room 16

### **Glenwood**

Glenwood Senior High School, 400 Sivers RD, Room 5

### **Iowa Falls**

Iowa Falls High School, 1903 North Taylor

### **Newton**

Newton Senior High School, 800 E 4th Street S, Room 104

### **Ottumwa**

Ottumwa High School, Voc. Tech. Building, 501 E 2nd, Room 157

### **Storm Lake**

Iowa Central Community College, 916 North Russell, Room 16

### **Vinton**

Washington High School (April 8 and 15), 212 W 15TH ST, Room 200

Iowa Braille & Sight Saving School – 1 (April 22), Old Hospital Building on the campus, 1002 G Avenue



**Iowa Finance Authority (IFA)** has announced that their FirstHome Program Interest Rate will remain at 5.25% with no Origination Fees or Discount Points. The FirstHome Plus Grant is staying at \$2004 through June 30, 2004.

**Purchase Price** and **Income Limits** have increased!

For further information, visit [www.ifahome.com](http://www.ifahome.com) or contact Lisa Braunschweig at 1-800-432-7230, or email: <mailto:lisa.braunschweig@ifa.state.ia.us>.

## **\$\$\$\$ - Money, Money, Money**

We still have **Purchase** funds available.

**Refinance** funds are also available.

Our fax machines are waiting for those reservation requests. Please use the 10/03 revision of the [1980-86, Request for Reservation of Funds](#). (click for link)

## LOAN PROCESSING

Please note [AN 3940](#) – SFHGLP GRH Approved Lender Underwriting Guidelines that **NO additional risk layering** is allowed if the applicant's payment shock is over 100%. Lenders are to fully underwrite loans and provide documentation

Applicants may own a home at the time of application. However, the sale of that home must be closed prior to the closing of the new home purchase. **An estimated HUD-1 of the prior home sale is required.** Applicant's are not eligible if they have the means (down payment) to obtain a comparable mortgage (without PMI) elsewhere without guarantee.

Rural Development offices will **accept** a copied or faxed [1980-21, Request for Single Family Housing Loan Guarantee](#) with the appropriate signatures at application. The original document with original signatures will be required prior to issuance of the Loan Note Guarantee. **The lender must sign rather than the agent.**

Our staff remains committed to providing excellent service with a **24 hour turnaround** of complete application packages.

## SERVICING

We believe that we are privileged to work with some outstanding lenders in Iowa. Further, we believe it is imperative that we share our expectations relative to lender servicing performance with you.

Iowa's GRH Delinquency is becoming a concern.

**Total Delinquency** is at 8.131% ranging from 0% to 100%!

**First Year Delinquency** is at 1.675% ranging from 0% to 50%!

These levels are comparable to our Low-Income program levels and we expect them to be much lower.

Please be proactive. Please contact our office if there are any questions.

## NEW ANs

ANs for the last 12 months may be found at [http://rdinit.usda.gov/regs/an\\_list.html](http://rdinit.usda.gov/regs/an_list.html). Click on the AN listed below to view the document.

### [AN 3948](#) - Utilizing Credit Scores for Underwriting Single Family Housing Guaranteed Loans

This AN outlines two uses for FICO credit scores when underwriting GRH loans. The purpose of this AN is to make use of credit scoring technologies to improve the credit quality of GRH loans, and to streamline GRH loan program credit history documentation requirements.

*This AN replaces AN No. 3819 dated January 10, 2003. This AN differs from the previous one by clarifying that the FICO credit scores for applicants other than the primary wage earner should not be ignored. Streamlined documentation will continue to be available for primary wage earners with a representative FICO score of 660 or higher, as long as there is no co-applicant with a representative FICO score under 620.*

### [AN 3949](#) - SFHGLP Acceptable Alternative Documentation to Verify the Applicant's Employment Income

The purpose of this AN is to elaborate upon the acceptable forms of employment income verifications for loans guaranteed under the SFHGLP. RHS will accept verification

methodologies similar to those currently acceptable to the residential mortgage industry, secondary markets, and other Federal agencies.

*This AN replaces RD AN No. 3848 dated April 10, 2003.*

### **AN 3950 - SFHGLP Determining Repayment Income for Self-Employed Applicants**

The purpose of this AN is to provide guidance on how to properly analyze a self-employed applicant's loan application for repayment ability.

*This AN replaces RD AN No. 3833 dated March 19, 2003.*

## **UPCOMING EVENTS**

April 1, 2004

[Iowa Mortgage Association Spring Conference](#)

Collins Plaza Hotel, Cedar Rapids, Iowa

April 28, 2004

[Iowa Home Ownership Education Project \(IHOEP\)](#) - 2004 Spring Conference

Stoney Creek Inn, Johnston, Iowa

June 2004

Home Ownership Month

## **USEFUL INFO**

Iowa GRH Handbook <http://www.rurdev.usda.gov/ia/rhsg.html>

All Iowa GRH Newsletters <http://www.rurdev.usda.gov/ia/rhsgupdate.html>

RD Properties for Sale <http://www.resales.usda.gov/>

USDA, Rural Development <http://www.rurdev.usda.gov/>

Iowa USDA, Rural Development <http://www.rurdev.usda.gov/ia/>

USDA, Rural Development offices will be **closed** on the following holidays:

Monday, May 31, 2004 – Memorial Day

Monday, July 5, 2004 – Independence Day

Monday, September 6, 2004 – Labor Day

Iowa State Office Single Family Housing Staff

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To request **changes to our email list** such as removals or additions, please e-mail [lynn.eilders@ia.usda.gov](mailto:lynn.eilders@ia.usda.gov) with your request. Be sure to include contact name, business name, location, phone number, and email address. We appreciate your assistance with the maintenance of our email list. Thank you.